Department of LABOR AND INDUSTRIES

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PROVIDER BULLETIN

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THIS ISSUE

Vocational Rehabilitation Payment Guidelines

TO:

Vocational Rehabilitation Providers
Rehabilitation Centers
Retraining Services Providers
Placement Agencies
Interpreters
Physicians
Chiropractic Physicians
Physical Therapists
Occupational Therapists
Nurses
Pain Clinics
Physician's Assistants
Nurse Case Managers
Osteopathic Physicians
Miscellaneous Providers

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Purpose:

This bulletin tells you about Labor and Industries' new purchasing practices for vocational rehabilitation services. Specifically, it describes changes in how the department pays for vocational services. For more detailed information, readers may also consult the department's *Miscellaneous Services: Billing Instructions*, which contains detailed directions on how to bill the department properly and gives examples of completed billing forms. **This bulletin also provides important information about changes in billing for non-vocational providers who have traditionally used vocational codes.**

The bulletin summarizes important **dates of changes** that you should be aware of, and it lists **resources** the department has set up to help you understand and adjust to the changes.

For more information on other changes that the department has made to its vocational purchasing practices, consult *Provider Bulletin* 01-01 (*Vocational Rehabilitation Purchasing)* and the forthcoming bulletin on Performance Measurement.

Why did the department make the changes?

For many years, the department experienced difficulties and challenges while contracting for vocational services. In attempting to meet these challenges, in the spring of 1997, the department began research and analysis to improve its vocational purchasing practices.

Over the next several years, the department developed a methodology for measuring the performance of vocational firms. Working closely with the consulting firm of William M. Mercer, Inc., it also identified a number of other areas in which to make improvements. During the same period, the State Auditor's Office (SAO) and the Joint Legislative Audit and Review Committee (JLARC) reviewed the department's purchasing process for vocational rehabilitation and made important recommendations regarding the department's purchasing methods. All of these activities have contributed to the design of the new system that takes effect on June 1, 2001.

What additional vocational rehabilitation changes did the department make?

In addition to transforming the payment practices for vocational rehabilitation services, the department is implementing a broad range of program changes:

- Clarification of service delivery types and expectations
- Establishment of higher qualification requirements for providers
- Creation of a new application process for vocational providers
- Enhancements to the department's performance-rating methodology
- Shift of focus from vocational firms to individuals as service providers
- Revisions to audit processes that reflect new purchasing policies
- New payment methodology that includes different professional rates by provider type, fee caps, more detailed billing codes, and itemized billing

In an overall effort to improve the quality and effectiveness of services provided to injured workers, the department coordinated these changes. For example, only providers who have completed a provider application with the department and received a provider number may bill the department for vocational services. Similarly, new requirements for itemized billing directly influence how the department's Private Sector Rehabilitation Services (PSRS) will audit vocational providers.

Does payment for services go to individual providers or vocational firms?

The Mercer team recommended that the department make referrals to individual providers. The new WAC 296-19A reflects that decision. Labor and Industries believes that this approach encourages greater accountability of the providers and helps the department measure individual provider performance more precisely. The way individual providers submit provider applications and establish their accounts determines who will receive payment for services. For example, if an individual is working for a firm, the firm will always be the party receiving payment. If an individual is working alone and is operating as a firm on his or her own, the individual will be paid for the services directly.

Important points to remember:

- Individual providers also may be firms, if their application forms indicate that their operation will meet all business requirements stipulated in WAC 296-19A-210 (6). Even if the provider is independent, a payee provider ID number must be obtained, as well as the service provider ID.

- Even if individual providers agree to have their firms bill for services, as stated in WAC 296-19A-360 (5), individual providers are required to ensure that bills submitted to the department are correct.

- The department may audit individuals and/or firms if it finds discrepancies in billing.

- Provider numbers for both the individual and the firm must be included on electronic bills submitted to the department. For paper bills the department's systems automatically supply a payee number based on the individual's provider number.

- Providers should not submit bills for dates of service that include both May 31 to June 1, 2001, i.e., bills should be separate, one for services before May 31 and one for services after June 1. For example, the department will pay a bill for the time period of May 27 to May 31 or June 1 to June 4, but it will not pay a bill submitted with the dates of service from May 27 to June 4.

What are the payment rates for vocational services for both State-Fund and Self-Insured providers?

The department will still pay providers on an hourly basis. However, instead of using the prior contracting method with vocational firms, the department's fee schedule will dictate billing and payment. The fee schedule prescribes different payment rates for vocational counselors doing forensic evaluations and interns. Labor and Industries will pay interns at 85 percent of vocational rehabilitation counselor rates and department-authorized forensic services at 120 percent of counselor rates. The department will continue to pay travel/wait time at 50 percent of the professional vocational rehabilitation counselor (VRC) rate, and mileage at the state rate. The table below lists vocational counseling rates that take effect for dates of service on or after June 1, 2001.

Please note that the rates listed are per hour; however, providers should bill in 1/10ths of an hour (6-minute increments) when submitting bills. For more detailed information, consult the department's *Miscellaneous Services: Billing Instructions*.

Service	Hourly Rate	Unit Rate
Professional Time—VRC Professional Time—Intern	$73 $62	$7.30 $6.20
Professional Time—Forensic Travel/wait Time	$88 $36.50	$8.80 $3.65
Mileage Testimony	State rate (per mile) Set by AGO (Attorney General's Office)	NA NA

NOTE: These rates may be subject to modification as part of the department's annual Cost-of-Living Adjustment (COLA), or when other adjustments are necessary. COLAs typically take effect on July 1 of each year. Mileage rates also may change as the state changes its rate. If you have questions about the most current rates or fee caps, please call the department's Provider Hotline number: 1-800-848-0811.

Can State Fund and Self-Insurers charge or be paid more than the rates listed in the fee schedule for vocational services?

No, RCW 51.04.030, 51.36.080, and 51.36.085 state clearly that providers shall not charge or be paid in amounts exceeding the fee schedule established by the department. This applies to vocational services provided to all injured workers, whether covered by the State-Fund or by Self-Insured employers.

WAC 296-20-010 (2) states that the department's fee schedules are intended to cover all services for accepted industrial insurance claims and also emphasizes that the fees listed are the maximum allowable. The WAC requires that providers bill their usual and customary fee for services. If the usual and customary fee is LESS than the fee schedule maximum amount, the department or the Self-Insured employer will pay the lesser amount.

What are the billing codes you should use for vocational services?

The codes that you should use when billing for vocational services have changed. In the past, providers have used seven codes to bill the department for vocational rehabilitation counseling. The department has expanded the list of codes to 20, for two reasons:

- to recognize that certain services which the department previously bundled together under a single code (such as Early Intervention and Assessment services under V0810) should be listed separately, and
- to track services more efficiently for auditing and performance-measurement purposes.

Code	Service	Provider Level
0800V	Early Intervention Services	VRC
0801V	Early Intervention Services—Intern	Intern
0810V	Assessment Services	VRC
0811V	Assessment Services—Intern	Intern
0821V	Work Evaluation	VRC
0823V	Pre-job or Job Modification Consultation	VRC
0824V	Pre-job or Job Modification Consultation—Intern	Intern
0830V	Plan Development Services	VRC
0831V	Plan Development Services—Intern	Intern
0840V	Plan Implementation Services	VRC
0841V	Plan Implementation Services—Intern	Intern
0881V	Forensic Services	VRC-Forensic
0882V	Testimony on VRC's Own Work	VRC
0883V	Testimony on Intern's Own Work	Intern
0884V	AGO Witness Testimony	VRC
0891V	Travel/Wait Time	VRC
0892V	Travel/Wait Time—Intern	Intern
0893V	Professional Mileage	VRC
0894V	Professional Mileage—Intern	Intern
0895V	Air Travel	Intern/VRC/VRC-Forensic

In addition to separating Early Intervention and Assessment codes, the department created separate codes for travel/wait time and for mileage. The department also developed a code for a new type of service and referral called "Forensic," and it has designated codes for testimony on disputed cases. It is important to note that the process for billing for testimony has NOT changed; providers should continue to bill the Attorney General's Office (AGO) directly, and the AGO will bill Labor and Industries. ***Providers should NOT bill the department directly using the testimony codes 0882V-0884V, as these codes are for future tracking purposes and are set not to pay.***

Because different rates of payment exist for providers based on their levels of expertise (intern, VRC, or forensic evaluator), certain codes will only pay to certain provider types.

Example: An intern must bill 0801V for Early Intervention services. The department will not pay the bill submitted by that intern with the code 0800V for the same services.

Please notify the department promptly if your provider status changes. It is in your best interest to notify the department promptly when a change occurs in your provider status, as it may change the way you code bills and get paid. Application forms for VRCs are available on the department's Internet web site: www.lni.wa.gov/hsa/vocational.htm.

What are the fee caps the department has established for State-Fund referrals?

As part of its payment changes, the department developed fee caps for vocational counseling services by examining the vocational counseling costs for over 28,000 referrals that closed between October 1997 and October 1999. These 28,000 referrals represent all vocational closures that occurred on claims during the two-year period. The department examined the costs using descriptive statistics and also consulted vocational rehabilitation experts.

Based on its analysis of the two years of data and input from experts, the department established specific dollar fee caps at approximately the eightieth percentile of total costs. This percentile generally coincided with one standard deviation above the mean.

The caps take effect on June 1, 2001, and apply to early intervention, assessment, plan development and plan implementation referrals, as well as to vocational evaluation services. The caps reflect total amounts paid, not an hourly rate. The department expects that the caps will only be reached on truly exceptional high-cost cases.

The fee caps are "hard" caps, with no exceptions. The department will adjust bills exceeding the cap to pay only to the cap. An Explanation of Benefits (EOB) on the remittance advice will explain the adjustment.

The department will apply the fee caps in the same manner to both new and existing referrals. For the purposes described here all referrals will begin at zero dollars. It is important to know that the department designed the caps so that if multiple providers work collaboratively on a referral, the costs ***combine*** as they accrue to the cap. The numbers in the schedule below represent referral caps, **not** individual provider caps.

The fee caps, as of June 1, 2001, are as follows:

Service	Fee Cap	Applicable Codes
Early Intervention	$1,500	0800V, 0801V
Assessment	$2,500	0810V, 0811V
Work Evaluation	$1,100	0821V
Plan Development	$5,000	0830V, 0831V
Plan Implementation	$4,725	0840V, 0841V

NOTE: These caps may be subject to modification as part of the department's annual Cost-of-Living Adjustment (COLA) review, or when other adjustments are necessary. COLAs typically take effect on July 1 of each year. If you have questions about the most current fee caps, please call the department's Provider Hotline: 1-800-848-0811.

What happens if a referral assigned to you reaches the fee cap?

Given the design of the fee caps, the department envisions that providers will not generally reach the cap. In cases where a referral does reach a fee cap, the claim manager has a number of options in how to proceed with the claim, such as the following:

- Refer the claim to a department Vocational Services Consultant assigned to the unit for a review of the case or
- Refer for a forensic evaluation or
- Refer to the pension desk or
- Close the referral (for example, due to medical instability) or
- Make a new referral.[1]

In making a new referral, the claim manager may not refer the case back to the individual VRC who was assigned the case before, but may or may not refer the case to a different VRC within the same vocational firm.

Because it is not feasible to anticipate every circumstance in which a referral may reach a fee cap, or what adjudicative action(s) are appropriate in that situation, the department intends that the fee cap protocol be a guideline for managing referrals that reach a fee cap. Whenever a referral reaches a fee cap, it will receive individual consideration by department staff.

It is CRITICAL that vocational providers coordinate with their billing staffs to monitor costs, relating to the progress of vocational referrals. It is the SOLE RESPONSIBILITY of the vocational providers to monitor their costs related to the progress of vocational referrals, as the department will NOT notify providers of their accumulated costs toward the caps.

How is a payee provider different from a service or individual provider?

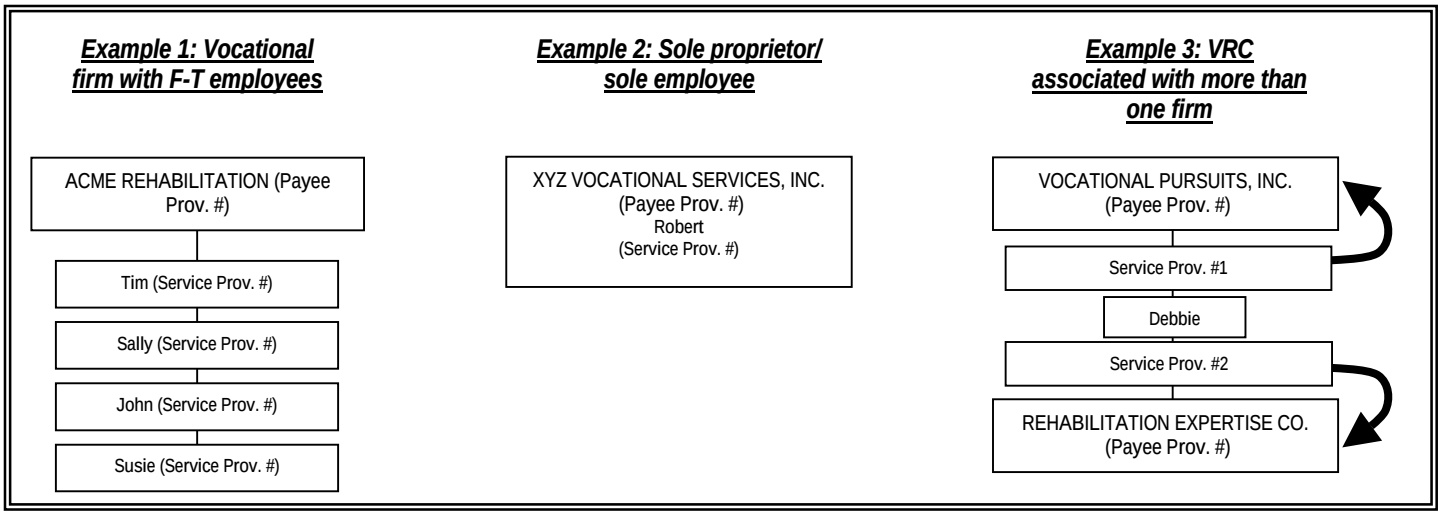
In the past the department has contracted with vocational firms, with both the service delivery and payment relationships managed through contracts. The department is changing both relationships by ending the contractual agreements with firms and by placing more emphasis on individual vocational accountability.

From a payment perspective, the department needs to know who is providing the service (individual counselor or intern) and who is paid for the service (frequently a firm). Understanding the difference between these two entities and providing both identities on the bill[2] is important so that payment is not delayed:

> The term "***payee provider"*** refers to the provider the department pays for services. Payee providers may be individuals who operate on their own, but, typically, payee providers are business entities of some kind, like firms, corporations, or partnerships.
>
> The term "***service"*** or "***individual provider"*** refers to a vocational counselor or intern who directly delivers vocational services to injured workers. As above, individuals who provide services on their own (a "one-person shop") must be both service and payee providers. In the the case of a larger vocational business, the payee provider is the firm, with a number of service providers associated with the firm. See Figure 1 below:

[1] In virtually all circumstances, the department will not allow a new referral to the same counselor. In certain extenuating situations, like an out-of-state vocational referral in an especially remote or difficult location, a new referral to the same counselor may be the only feasible option.
[2] Recall from the bullet point on the bottom of page 2 that for paper bills the system will automatically provide the payee provider number for that service provider.

Figure 1: ***Examples of Payee/Service Provider Relationships***



The diagram above gives several illustrations of how vocational providers (payee providers and individual providers) might associate themselves under the program and regulatory changes taking effect on June 1, 2001. It is not intended to describe all possible approaches. Example 1 depicts a typical vocational firm approach, whose full-time employees are working exclusively for Acme Rehabilitation. Example 2 shows Robert as a sole proprietor, who operates as both service provider and payee provider. Example 3 shows Debbie as associated with two different firms, Vocational Pursuits and Rehabilitation Expertise, who has two separate service provider numbers, each associated with a different firm.

Why is it important to discern between the two?

- Federal law requires that the department report all payments to providers to the Internal Revenue Service. Therefore, the department must be able to track the relationships between the providers delivering services and the entities that receive payment for those services.
- The use of service provider numbers also allows for more accurate tracking of the performance measurement of the individual provider level.

WAC 296-19A-360(5) states that even if a payee provider or another entity submits bills to the department on behalf of a service provider, the service provider is nevertheless responsible for ensuring accuracy of the bills.

What are the differences between the types of provider numbers?

In addition to understanding the distinction between payee and service providers, you need to understand that the department uses two types of provider numbers to identify vocational counselors, interns, and firms:

- ***VRC identification number (VRC ID)*** Many vocational providers already have this number. Providers who went through the previous registration process with the department received a registration number. This number will not change and will become the VRC's ID. As part of the provider application process, the department will assign a new VRC ID to individuals new to the Labor and Industries' system.

  The VRC ID is important for performance measurement, audit purposes, and referral eligibility. The number is unique to each individual and will not change over time. The department will use the VRC ID number to link all the work done by an individual (either consecutively or concurrently) with multiple payee providers.

- ***Provider identification number (Provider ID)*** Whether a payee or service provider, each provider will also receive at least one provider ID, as part of the provider application process. This number identifies a business or an individual associated with a business and is the number used for billing purposes. For example, a counselor who works for two firms at the same time would have two separate provider identification numbers, one for each firm, but only a single VRC ID.

  The provider ID is important for tax purposes. As stated above, the department has a responsibility to report income paid to providers to the Internal Revenue Service each year. Through the use of provider identification numbers, Labor and Industries can identify providers for tax purposes.

What is the purpose of the referral identification number, and why does it need to be on the bill?

The ***referral identification (ID) number*** is a number the department generates every time it makes a vocational referral. It is unique to each individual referral. There are two reasons you must place a referral identification number on bills to the department:

- The referral ID is the way to track the work assigned to a vocational provider, a task necessary for performance measurement purposes.
- When multiple providers work on a referral, the department's bill payment system checks the validity of the referral identification number for payment. Therefore, without a valid referral ID, the department will deny provider bills.

How do multiple providers who work on a single referral bill for services?

Multiple providers may deliver services on a single referral if they have the same payee provider number. For example, this situation might occur when interns assist on referrals assigned to counselors, or where one provider covers the caseload of an ill provider. When more than one provider works on a referral, each provider must bill separately for services delivered on the referral; and each provider must use his or her individual provider number, the payee provider number, and the referral ID. The department will not pay bills if this information is missing. Remember that all providers working on a referral must have the ***same*** payee provider identification number, or the department's payment system will deny the bill.

It is important to understand that, even if several providers work on a single referral, the assigned provider is ultimately responsible for the referral. The performance data associated with that referral accrues to the **assigned** provider's performance rating.

Why do you have to itemize bills, and what information must appear on your bills to the State Fund?

The new WAC requires providers to submit a separate bill for each separate referral. Providers must itemize the service by procedure code and the precise number of units of service (i.e., tenths of an hour) for a span of dates, and they must include a start date and an end date for the date span. Consult the department's billing instructions for more detailed information and examples. This information is essential for the department's performance measurement, audits, and monitoring costs against vocational fee caps. See WAC 296-19A-360 and *Miscellaneous Services: Billing Instructions* for more information.

How has the department changed billing for ancillary services?

The department has changed how vocational providers bill for ancillary services. ***If you are NOT a vocational provider, please see the next section for more information about billing for ancillary services.***

In order to define more precisely the services the department requests and pays for, as well as to eliminate unused codes, it has removed two codes and will not pay for those services as of May 31, 2001:

- V0820 Ancillary Services
- V0822 Work Behavior Modification

For billing purposes, the department previously considered ancillary services, provided by providers in a contracted firm, to be professional services; and the provider used codes V0810, V0830, or V0840. When another professional outside the firm provided these services, the provider used one or more of the department's ancillary codes (V0820 through V0823). This procedure will change for dates of service beginning June 1, 2001.

Beginning June 1, 2001, ***all vocational providers*** will bill using 0821V for work evaluation and 0823V or 0824V for pre-job/job modification consultation when delivering those services for vocational referrals, regardless of whether they are assigned to the referral or not.

> **Example:** Tom is a VRC assigned a referral for plan development and decides that his client needs vocational testing. Tom has some background in testing but is not qualified to perform some types of work evaluation. Therefore, while Tom does some testing, he asks co-worker Jane, who specializes in evaluation testing, to conduct some of the tests on the injured worker.
>
> On separate bill forms, Tom and Jane would both bill 0821V for the testing services they deliver.

As is the case with other types of vocational services, multiple providers may deliver services on a single referral. As stated above, the assigned provider is ultimately responsible for the referral, and the performance data associated with that referral accrues to the assigned provider's performance rating. Just as with other types of vocational services, vocational providers working on a referral must have the ***same payee provider ID number***. This situation does not apply in the case where a non-vocational provider delivers services

How do non-vocational providers, such as occupational therapists, physical therapists, or evaluators, bill for services, such as job modification consultation or vocational testing?

Certain providers are not vocational providers (i.e., they are not in the department's provider type 68—Vocational Provider), but deliver related services that assist in vocational rehabilitation. These related services include vocational testing, job modification consultation, or pre-job accommodation consultation. These professionals include occupational therapists, physical therapists, evaluators, and others. These practitioners, who do not represent themselves as vocational providers, will bill using new codes that are not part of the vocational rehabilitation fee schedule:

- 0389R Pre-job or Job Modification Consultation
- 0390R Work Evaluation

These providers will continue to use the miscellaneous services billing form, but must include certain additional pieces of information on bills to associate the costs of ancillary services to the vocational referral. When non-vocational providers bill for services, they must include the vocational referral ID. They can obtain the referral ID from the assigned vocational provider. In addition, providers must include the service provider ID for the assigned vocational provider in the "Name of physician or other referring source" box at the top of the form. As stated above, the service provider ID is the number identifying the VRC to whom the referral is assigned. However, non-vocational providers must also include their own provider numbers at the bottom of the form, so that the department pays them directly for services.

Example: Joe is a certified work evaluator and is listed in the department's systems as a Provider Type 97 (Miscellaneous Provider). Under the previous system, Joe provided testing services at the request of vocational counselors on referrals for vocational services and billed the department using code 0821V, a vocational code. Beginning June 1, 2001, Joe will instead bill 0390R. Joe receives a request from Sue, a vocational counselor, to administer a General Aptitude Test Battery (GATB) to an injured worker. Joe schedules, administers the GATB, and reports the results.

On the miscellaneous services billing form, Joe also must include his provider ID at the bottom, along with the vocational referral ID he gets from Sue, as well as Sue's service provider ID in the referring provider box at the top.

As stated above, the department will pay Joe directly for the testing services he provides, but it will be able to associate Joe's testing costs with Sue's vocational referral.

Remember that these requirements only exist for services (e.g., job-modification consultation) that occur in the context of a vocational referral. Non-vocational providers MUST use the miscellaneous services billing form when seeking payment for services delivered as part of a vocational referral.

What are the dates of changes to remember?

Many of the program changes the department will implement are contingent on the implementation of the new chapter of WAC. Note the effective dates listed below, along with the major implementation dates for program changes.

➢ **December 1, 2000:**

- WAC 296-19A-210 Qualifications effective
- WAC 296-15-500 Self-insured vocational rehabilitation reports effective
- WAC 296-15-510 Self-insured vocational rehabilitation process effective
- Department begins accepting vocational provider applications

➢ **June 1, 2001:**

- All other sections of WAC 296-19A effective
- **New payment rates, codes, and fee caps effective**
- Department information systems changes completed, allowing performance measurement and referrals at individual provider level

What resources are available to help you understand and adjust to the changes?

The department has numerous resources on our Internet home page that offers you information and forms on the vocational changes. Examples of the resources include the following:

- The report from William M. Mercer, documenting its study of the department's vocational purchasing process;
- The vocational WAC 296-19A;
- Complete presentations from the department's Fall and Spring Provider Workshop Series and the Provider Billing Workshops in January 2001;
- A *Frequently Asked Questions and Comments* Internet link that addresses many questions or issues raised about the changes;
- Private Sector Rehabilitation Services (PSRS) information;
- Vocational provider performance ratings; and
- *Miscellaneous Services: Billing Instructions.*

The department will continue to add more information to its Internet site: http://www.lni.wa.gov/hsa/vocational.htm.

The department publishes its *Medical Aid Rules and Fee Schedule* annually (changes effective as of July 1 of every year). You can also reference vocational codes, rates, and other information by consulting the "Specialty and Administrative Services" section of the Fee Schedule. To obtain a copy of the Fee Schedule, contact the Provider Hotline at 1-800-848-0811. The Fee Schedule is also available on-line at the following address: http://www.lni.wa.gov/hsa/payment.htm.

You can access all of the department's active *Provider Bulletins* on-line at the following address: http://www.lni.wa.gov/hsa/hsa_pbs1.htm.

The Provider Hotline at 1-800-848-0811 will help you if you do not have Internet access.

Future updates and revisions of this bulletin will be placed on the department's Internet web site.